

**Bulletin Number 1978-08****Proper Allocation of Fire Department Premium Tax**

From: John W. Lindsay
Chief Insurance Commissioner

Date: October 13, 1978

This Bulletin supersedes Bulletin Nos. 7-69 and 18-77 concerning proper allocation of fire insurance premiums. Act 585 of 1978 amended Chapters 43, 47 and 55 of Title 38 of the 1976 Code of Laws whereas the collection and distribution of the fire department premium taxes can be made in a more efficient and economical manner. Housekeeping amendments to the Chapters are as follows:

1. Change the reference of Chief Insurance Commissioner to State Fire Marshal in provisions relating to powers and duties which were transferred to the State Fire Marshal by Act 81 of 1969, which the 1976 Code failed to recognize.
2. Delete the reference to a date which could be interpreted to the adverse effect that all volunteer fire departments organized since May 12, 1949, could be in violation of the Chapter.
3. Increase the value of equipment and fire apparatus needed before application can be made to the State Fire Marshal to be eligible to receive the fire department premium taxes.
4. Make available for distribution to rural, volunteer, consolidated districts, and county fire departments, certain premium taxes which are derived through approved brokers on surplus lines business. Presently, only municipal fire departments are eligible to receive the applicable portion of certain taxes. It is proposed that all approved fire departments share in the distribution of these funds on the same basis as those derived from licensed insurers.

The main thrust of this Act is to re-direct the taxes paid to the South Carolina Department of Insurance to the appropriate fire departments through our county treasurers or other financial officers and thereby enable insurance companies to simplify their record keeping and provide this Department a means to be more absolute in the audit and verification of the appropriate taxes deemed to be due.

Your particular attention is directed to the following South Carolina Code SECTIONS, as amended:

38-43-160 "Every fire insurance company, corporation or association, incorporated under the laws of any other state or country, carrying on business in this State, shall cause to be plainly written or printed on the face of each fire insurance policy written and issued by such company, corporation or association the name of the county entitled to the allocation of the premiums on such business and the location of such property so insured. And this information shall be incorporated in all daily reports or other evidence furnished by agent of coverage assumed."

38-57-110 "Every fire insurance company incorporated under the laws of any other state or country carrying on business in this State shall return to the Chief Insurance Commissioner within sixty days after December thirty-first of each year a just and true account, verified by oath, of all premiums received during the preceding year ending December thirty-first from all fire insurance on all property located or that may be located, and from all fire insurance business done in this State. In such report the company shall allocate the premium on such business to the county in which the property is located, regardless of where the insurance is written or premiums collected."

38-57-120 "Every fire insurance company aforesaid shall, within sixty days after the thirty-first day of December of each year, deliver and pay to the Chief Insurance Commissioner the sum of one dollar upon the one hundred dollars and at that rate upon the amount of all premiums written on fire insurance required to be reported under the provisions of SECTION 38-57-110 during the preceding year ending December thirty-first or for such portion of such period as the company shall have done business in this State."

Policies containing fire coverages shall be taxed at the following percentages:

Fire -- 100%
Homeowners -- Farmowners -- 55%
Comm. Multiple Peril/Special Mult. Peril -- 55%
Inland Marine -- 20%
APD Other Than Collision-PP/Comm. -- 50%

On a multi-state risk which includes a South Carolina location, it is the responsibility of the countersigning agent to ascertain the proper fire department premium tax code as shown on the policy.

A system of county code designation is hereby incorporated and is to be used on all policies including fire coverages as follows:

ABBEVILLE	01
AIKEN	02
ALLENDALE	03
ANDERSON	04
BAMBERG	05
BARNWELL	06
BEAUFORT	07
BERKELEY	08
CALHOUN	09
CHARLESTON	10
CHEROKEE	11
CHESTER	12
CHESTERFIELD	13
CLARENDON	14

COLLETON	15
DARLINGTON	16
DILLON	17
DORCHESTER	18
EDGEFIELD	19
FAIRFIELD	20
FLORENCE	21
GEORGETOWN	22
GREENVILLE	23
GREENWOOD	24
HAMPTON	25
HORRY	26
JASPER	27
KERSHAW	28
LANCASTER	29
LAURENS	30
LEE	31
LEXINGTON	32
MCCORMICK	33
MARION	34
MARLBORO	35
NEWBERRY	36
OCONEE	37
ORANGEBURG	38
PICKENS	39
RICHLAND	40
SALUDA	41
SPARTANBURG	42
SUMTER	43
UNION	44
WILLIAMSBURG	45
YORK	46

These county descriptions will be furnished annually as a part of the South Carolina Fee and Tax Return.

The Department suggests that the county designations as contained herein be furnished to each licensed agent in South Carolina authorized to sell the type coverages concerned and that each agent be instructed in the proper use.

This Department would like to express its appreciation for the cooperation which will be necessary to implement the proper designation of this fire tax under the new code system. We would also note that failure to adhere to the requirements of the Code SECTIONS concerned would place in jeopardy the license of the guilty agent and subject the company to possible disciplinary action as provided under SECTIONS 38-57-130, 38-57-140 and 38-57-150 of the Code of Laws of South Carolina, 1976, as amended.